

Status of Audit Resolution

December 2001

Agency: 235

Department of Labor and Industries

Audit Number	Finding Number
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6260	1	Finding:	The Department of Labor and Industries used its 1999-2001 appropriation to pay approximately \$1.8 million in expenses for the prior biennium.
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Resolution/Status: The Department of Labor and Industries (L&I) concurs with this finding and has taken the following corrective action:

¶ Reviewed the methodology for estimating payments for providers based on a cash basis and developed a new forecasting methodology based on date of service. For the 1999-01 Biennium closing, L&I is in compliance with appropriation requirements to pay providers with prior biennium dates of service with prior biennium funds. L&I will continually update and monitor current and future forecasts to ensure ongoing compliance with legislative appropriation requirements, and

¶ Established a workgroup with members from L&I, Office of Financial Management, the legislature and key stakeholders to review the current Crime Victims' Compensation (CVC) statutes and to develop recommendations for statute changes. These recommendations have been included in draft agency-request legislation and have been submitted to the Governor's Office for consideration for this upcoming legislative session. Following are the recommendations:

- Establish a CVC Trust Fund, which would be used to pay a portion of crime victims' benefits. The trust account's balance would not sunset at the end of the biennium, thus allowing payment of past biennia bills from the trust account balance. The money for the trust account would come from existing local and federal sources,
- Continue to control expenditures through a Public Safety and Education Account (PSEA) appropriation for the remaining portion of benefits,
- Identify potential additional dedicated revenue sources to the trust account to eventually replace the PSEA appropriation, and
- Authorize L&I to delay to a future biennium victim benefit payments if funding shortfalls occur.

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December 2001

Agency: 235

Department of Labor and Industries

Audit Number	Finding Number		
6260	2	Finding:	The Department of Labor and Industries made inappropriate medical payments totaling \$15,391.
		Resolution/Status:	<p>The Department of Labor and Industries (L&I) concurs with this finding and has taken the following corrective action:</p> <ul style="list-style-type: none">€# Collected all overpayments identified in the June 2001 State Auditor's Office report.€# Completed updates to exception text instructions in January 2001 (Exception 103) and July 2001 (Exception 102). These exceptions alert Medical Treatment Adjudicators that the service on a bill is a possible or probable duplicate of an already paid service.€# Conducted training with Medical Treatment Adjudication staff in February and November 2001 using the new instructions.€# Wrote requirements for a new system generated report to alert supervisors when any duplicate exception has been forced. Programming to procure the report is estimated to take 40 hours. This report will be developed by January 31, 2002.€# Met with the project manager of the Claims Collection Project to determine if L&I's collection efforts relating to medical aid fund overpayments could be enhanced. While this is out of the scope of the current project, and there are no other resources available, the design of the system will probably accommodate collection of Medical Information Payment System overpayments in the future.
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